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Jewish Agency, "G", 1947-1948.

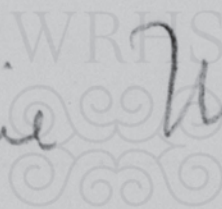
Galkowsky (S)

1-24-47

see

Palestine Maritime League

1-24-47



הסתדרות המזרחי באמריקה

MIZRACHI ORGANIZATION of AMERICA

1133 Broadway
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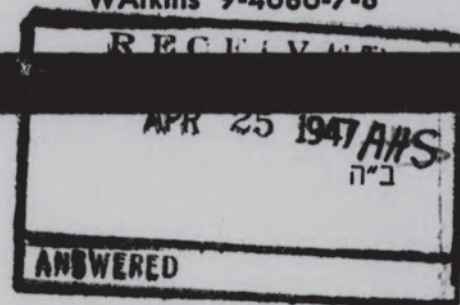
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April 24, 1947

Dr. Abba Hillel Silver, Chairman
American Section Jewish Agency
16 E. 66th Street
New York City

Dear Dr. Silver:

On behalf of my colleagues, members of the Great Actions Committee, I beg to submit the following request.

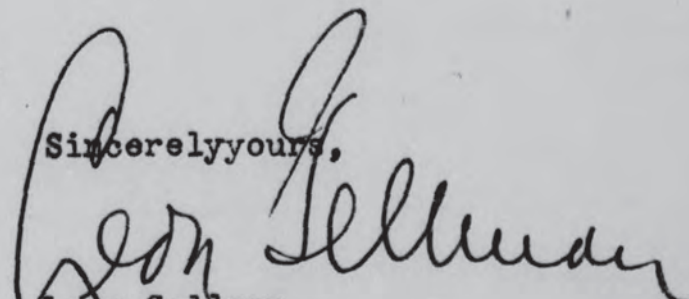
Since there are a substantial number of members of the Actions Committee in this country, we feel that in these eventful days, that members of said committee should be kept posted on political developments.

We, therefore, request that you convene the American members of the Actions Committee to semi-monthly meetings or at least monthly meetings for the purpose of being enlightened on current developments with regards to the political situation.

I sincerely hope that this proposal will meet with your approval and that I will hear from you at your earliest convenience.

With all good wishes, I am,

Sincerely yours,


Leon Gellman
President

lg/ez

A Growing Membership - The Road To The Jewish Commonwealth

SECRET

COPY

Tel-Aviv, 29th May, 1947
DH/SW/7

MINUTES OF THE CONVERSATION BETWEEN
THE CHIEF SECRETARY, SIR HENRY GURNEY
AND MR. D. HOROWITZ
on 27th May, 1947. (the conversation
lasted 1.20 h.)

D.H. The rumours are current that legislation concerning the abstraction and utilisation of water in this country is impending. May be that these rumours are without foundation. They transpired mainly through the press. However, in case they may have some justification we would like to make representations on this point.

Sir Henry Where do you get it that we intend passing such legislation?

D.H. We are informed by journalists and we know that such information was cabled to papers abroad.

Sir Henry Which journalists?

D.H. Foreign journalists.

Sir Henry Would you tell me the names of those who informed you?

D.H. No, Sir, this would be an indiscretion which I could not commit.

Sir Henry Do you believe everything reported to you by journalists?

D.H. No, Sir, but the matter is of such grave consequence that I considered it advisable rather to run the risk of unnecessary representations than be faced with facts which it would be very difficult to change. The matter is fraught with such grave dangers that we considered it advisable to make the representations at any rate, at the risk that they may be unnecessary. If this is the case and the rumour is unfounded there remains nothing to me but to apologise.

Sir Henry I cannot give you a reply to this question, but I would like to know the source of your information.

D.H. This cannot be disclosed.

Sir Henry Why do you assume that this legislation would harm you?

D.H. Of course, I do not know the contents of the proposed legislation, but I would assume that it should be on similar lines as that once published as a draft. We objected to this draft when it was published in war time and its promulgation was considered as a measure promoting the war effort. Certainly we should have objections to it now.

Sir Henry What are these objections?

D.H. We consider this legislation as one very much on the same lines as the land legislation. The land legislation prevented our acquisition of new land and left us the possibility of purchasing less than 5% of the area of Palestine, considering that part of the free zone is already in Jewish possession. Now, we continued colonisation, by utilising land more efficiently and establishing more intensive agriculture; that was possible on the basis of irrigation as one dunam of irrigated land is equal in its capacity of production to 5 dunams of unirrigated land. However, availability of water is an essential precondition for this process. Of course, there are considerable amounts of

money invested in the amelioration work and you know that part of this investment is to be written off. That is the case with many of our investments in Palestine and we have no other possibilities if we aim at turning waste land into cultivated and arid land into irrigated.

Sir Henry You are working on three assumptions. Firstly that what you heard from the journalists is correct, secondly that the law is a restrictive one and thirdly, that it will be used against you.

D.H. As to the first assumption we may be wrong, but we thought that at any rate it would do no harm to submit our representations, in case the rumour is well-founded. If it is not, we apologize and the matter is disposed of. As to the second assumption we would have considered it probable that new water legislation would be very similar to that already published some years ago as a draft. The third point arises from the second.

Sir Henry Why do you assume that the legislation must become restrictive?

D.H. We have our experience. Whenever in any law the possibility is involved of an interpretation which would become restrictive, the restriction is carried into effect.

There is another point arising at the present juncture. Why should this legislation be promulgated now? The whole Palestine problem is sub judice and we expect a final solution in a few months' time.

Sir Henry A final solution - do you believe that?

D.H. I do not know, but that is supposed to be the object of the present enquiry, but at any rate the Government is all the time claiming that the status quo should not be disturbed, even where such a change in the status quo is well justified. Here suddenly new legislation which in our opinion changes the status quo and affects our interests is introduced, just at this moment when the whole Palestine issue is sub judice. It cannot be justified by the argument that otherwise the position will considerably deteriorate. There is a discussion among experts about billions of cubic metres of water available in Palestine, none of whom would say that some months make any difference in this problem. At any rate we increased the irrigated area from 40,000 dunams to 400,000 without any detrimental effect, as we are told by our experts. We checked the results of investigations by American experts such as Savage and Hayes.

Sir Henry How long has Savage been in the country?

D.H. A short time only, but the other expert, Mr. Hayes stayed in the country for several months and investigated the whole position and we have also confidence in our own experts.

Sir Henry But why do you only think of your own community. You take the water and the neighbour will remain without any water at all.

D. H. I would not agree with your statement, Sir, I believe we have not inflicted any harm to the Arab population. I believe I have proved this in my evidence before the Anglo-American Commission of Inquiry. Our representations on that point were accepted and endorsed by the Royal Commission which incorporated them in their report. You have certainly read, Sir, the Survey of Palestine submitted by the Palestine Government to the Commission of Inquiry and the chapter on the Arab standard of life included in the report which corroborates our statement. I believe we have done quite a lot in raising the standard of life and reducing the mortality of the Arab population. On the other hand hardly any discrimination can be involved in the present position, as the

Arabs own some 94% of the land and accordingly most probably nearly the same proportion of water sources, at any rate more than the Jews and the same rights are extended to them.

- Sir Henry Yes, but I would like to protect also the Jewish farmer so that his water should not be taken away by his neighbour.
- D.H. I would not like to discuss now the problem of Regulation or free utilisation of water on the merits of the case; that is a problem in itself, but what I am concerned with is legislation at the present juncture when the Palestine issue is sub judice and when this measure must be considered as one of major policy and prejudging the issue. Even your experts would not say that the matter will become urgent within months.
- Sir Henry Your should look at the problem not only from the point of view of your community but from the point of view of the interests of the country as a whole.
- D.H. I do not know whether any human being may presume at the present moment to know what is "the interest of the country as a whole". I would not presume that there are so many divergent interests and the Royal Commission arrived even at the conclusion that such a general interest cannot be defined at all and doubted the very unity of the country. I do not know. At any rate I would not consider the present moment as propitious to decide on that point.
- Sir Henry I cannot give you a reply whether such a decision on water legislation is impending or not.
- D. H. I do not insist on that point. What I am interested in is putting on record our representations before it is too late.
- Sir Henry I have taken note of these representations.
- D.H. The next point I would like to raise is the continuation of the water pipeline to the Negev. We would like to continue the work and carry into effect our whole scheme of water supply to the Negev.
- Sir Henry Why does your press say that we are obstructing the laying of the pipeline. This is untrue. What can we do. We never stopped you in your work but there are stretches of Arab land on which there are no public roads. These do not belong to us and we cannot take what is not ours and let you lay the pipe there. We do not mind being criticised, if the criticism is based on facts, but we do not like the press saying something which is not true.
- D.H. The facts of the situation are the following. We were stopped in continuing our work by the District Commissioner, so that we could not lay the pipeline. Further, in conversations here and in London, the Government raised various objections to the scheme. (I emphasised the word: objections). We were not told there are certain difficulties which have to be overcome but that Government is opposed to the continuation for various political and technical reasons, the implication being that Government is unwilling to let us continue the construction of the pipeline. At any rate I am not here as a representative of the press but as a representative of the Jewish Agency, and I am putting forward our own point of view on this subject.
- Sir Henry And then you have not put forward the scheme from the beginning in a frank and correct manner.
- D.H. I heard about your complaints, Sir, in this regard. I understand that there are two complaints

(a) that we spoke of one pipe and laid actually two pipes.

(b) that we put forward only a partial scheme and submit now a much more comprehensive scheme on a larger scope.

As to the first point, I must admit, Sir, that I did not know myself that these are two pipes and practically there could have been one pipe if pipes with sufficient diameter would have been available. I did not think and do not think now that there is any political or economic significance in that matter and do not know why that should have raised such objections.

Sir Henry Yes, that is a technical point, but there is the other point of the plan.

D.H. As to the plan, I do not prepare the actual technical plans for water or irrigation. That is done by a company, in this case Mekoroth Co. Ltd., which is preparing for us irrigation schemes and carrying them into effect. At the time I approached you, Sir, only part of the plan was ready and I was anxious to start with that part for which all the technical details were available, and you will remember that I told you that there would be a continuation and extension of the scheme. However, the technical details for the rest of the scheme were not yet ready at that time. I do not know why you should suspect that there is something to conceal in this matter. It would have been more convenient for us from the point of view of our own interest to submit the **scheme** as a whole and be done with it, if it would have been available with all details at that time.

Sir Henry So you would have done it from the point of view of your own interest only.

D.H. No Sir, I did not say that. What I said is that I do not claim your confidence in advance but I wanted to prove that even from the point of view of our own interests it would have been worth while to submit the scheme as a whole.

Sir Henry You will not believe me but we are just as interested as you to bring the water to the whole of the Negev and to see your scheme carried into effect. Here is a case for cooperation, but the press is publishing news that we are obstructing the scheme.

D.H. We shall always welcome cooperation in such cases and be ready for it. As to the press I would like to explain to you that the press campaign has not been started by us and you may have realized yourself that the news about the obstruction by Government in only two or three papers in petit on the third or 4th page. The news simply leaked out. Journalists asked why the pipeline is not continued and got the information that the cause had been lack of permit from the Government.

If we should start such a campaign you can rely on us, Sir, that it would have been splashed over the front pages of the whole Palestine press and a considerable proportion of the world press, and in this form, in which the news appeared, it was of course, the result of a leakage and not of inspiration.

Sir Henry But nevertheless we would welcome some statement on your part laughed and said that there is no obstruction.

D.H. Now returning to the practical point. I understand that we are entitled to proceed now with our work on those parts of the line which pass Jewish land or along public roads. Can we also proceed on Arab land if we obtain the agreement of the owners of the land?

Sir Henry I shall go into the matter. Write me a letter with this question and I shall give you a reply. However, I do not think you will get such an agreement, what will you offer to them?

D.H. Water and money.

Sir Henry I am afraid they will blow up the pipes. The best thing will probably be to obtain through legislation an easement, but that is difficult under existing circumstances. It would be easier with the water law. What would you think about that?

D. H. No, Sir, this would be too high a price. We could not give our consent to the water law prejudicing our possibilities in the country as a whole, for the right to lay a pipe on some stretch of the land.

Sir Henry I shall look into the matter.

D.H. I understand we can start work on the parts of the pipeline along the road and on Jewish land and I may send you a letter with the following two questions.

- (a) whether we can lay the pipe on Arab land whenever we obtain the consent of the owners.
- (b) whether easement by legislation is possible in case such consent is not obtainable.

Sir Henry Yes. I understand you also want to discuss the cost of living and sterling balances.

D. H. This matter will be taken up by Mr. Bernstein with the Financial Secretary. There is some anxiety among the public and there may be a case for a statement by Government to quieten apprehensions of scaling down the sterling balance. I would like to raise two points in this connection:

- (1) that nothing should be done with regard to balances without consulting the population.
- (2) that our sterling balances are in some respects quite different from those of India and Egypt. While there the sterling balances are entirely the result of war expenditure, our sterling balances are to a considerable extent - I would say some half of them - the result of import of Jewish capital and, of course, in this case there is no argument for stretching the repayment or scaling down. Further, part of the balances existed before the war. If these items are deducted only one fourth or one third of the present sterling balances of Palestine can be considered as being similar in character to those of other countries.

Sir Henry Yes, but our sterling balances are being reduced by terror. That is the core of the whole matter that we have a tremendous expenditure owing to terror. We will publish our estimates and you will realise how vast are the amounts spent owing to the terror in this country. Today again a railway station was blown up and all this involves large amounts of money.

D.H. Yes, Sir, you know our attitude on this point and our very fierce opposition to the terror, but the presiding consideration in this case is not money and financial loss. What I deplore much more is the influence of terror in corroding the souls of our youth and the loss of innocent lives and the financial and economic considerations are secondary. The primary objection is based on moral grounds and on our general attitude.

Sir Henry Yes, but I would like to mention the great financial loss involved.

D.H. At that point I got up and after I had thanked Sir Henry for seeing me, the interview terminated.

CLASS OF SERVICE

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WESTERN UNION

A. N. WILLIAMS
PRESIDENT

1220

SYMBOLS

DL=Day Letter

NL=Night Letter

LC=Deferred Cable

NLT=Cable Night Letter

Ship Radiogram

[JUNE 20, 1947]

The filing time shown in the date line on telegrams and day letters is STANDARD TIME at point of origin. Time of receipt is STANDARD TIME at point of destination

NB650 NL PD=NEWYTRK NY 20

DR ABBA HILLEL SILVER=

TEMPLE CLEVE=

ARE DEEPLY DISTURBED AGGRESSIVE ACTION HAGANA AGAINST
OTHER RESISTANCE GROUPS WHICH ALREADY COST JEWISH LIVES
AND CANNOT BE INTERPRETED OTHERWISE EXCEPT OUTRIGHT
COLLABORATION WITH BRITISH POLICE AND PRELUDE TO FRATRICIDAL
WAR IN PALESTINE JEWRY.

THIS COLLABORATION WAS ALREADY REWARDED BY PARDONING
THIRTY TWO HAGANA MEMBERS SENTENCED TO LONG PRISON TERMS
AND DEMONSTRATIVE PARTICIPATION HIGHER BRITISH OFFICIALS
FUNERAL HAGANA MEMBER ACCIDENTALLY KILLED DURING LATEST
ATTACK AGAINST IRGUN.

THE POLICY OF APPEASING THE BRITISH BY ATTACKING ACTIVE
RESISTANCE FORCES CAN LEAD ONLY TO BLOODY CIVIL WAR AND
HELP IMPLEMENT BRITAIN'S ANTI-ZIONIST DESIGNS. WE URGE
YOUR MOST ENERGETIC INTERVENTION AGAINST THIS SUICIDAL
ACTION AND EXPECT YOU USE WEIGHT OF YOUR INFLUENCE TO
STOP THIS COURSE=

=GROSSMAN SCHECHTMANN NETANYAHU

C O P Y

VXY 80 TEL AVIV 126 29 1100

HLT
MONTOR
PALFUND
NEW YORK

5-10-47

RECEIVED	
NOTED BY	REFER TO
DATE	
AUG 1 1947	
ANSWERED	

VISITED MAYOR BENAMI NATANYAH FIRST DAY AFTER MARTIAL LAW LIFTED EXPRESSED BARUCH SHEPITRANI (BLESSED BE HE WHO HAS REDEEMED ME) HE GRATEFUL MAYOR O'DWYER MESSAGE. MY IMPRESSION NATANYA MARTIAL LAW INTENDED AS REHEARSAL LARGER OPERATION. JEWS WENT ABOUT BUSINESS IGNORING SOLDIERS. MARTIAL LAW ACCOMPLISHED NOTHING. MADE EFFORT LOOK FOOLISH STOP VISITED SMALL GENERAL ZIONIST HAOVED HAZIONI KIBBUTZ IN PREPARATORY STAGE EBEN YEHUDA CAME 2 WEEKS AGO FROM CYPRUS. RELIGIOUS YOUTH LIVING TENTS STOP VISITED BET YIZCHAK MOSHAV PRIVATE AGRICULTURE COOPERATIVE, NIRA KNITTING FACTORY COOPERATIVE PLUS SUBSISTENCE FARMING. TEL YIZCHAK GENERAL ZIONIST KIBBUTZ HAS LARGEST AREA AVOCADO AND MANGO PLANTATION WHICH NEW PROMISING FRUIT CULTURE PALESTINE RESULT RESEARCH ENCOURAGED BY AGENCY AND KKL RESEARCH INSTITUTES STOP PLEASE CONVEY INFORMATION KARPAN RE GENERAL ZIONIST ITEMS STOP CONVEY MY CONDOLENCE TRUMAN RELY YOUR PHRASING

GOLDSTEIN

From the desk of—
JOSEPH GREENLEAF

9/22/47.

Dear Mr. Silver,

The enclosed letter was sent to me by our very good friend, Ben Aharon. Although as you well see, it was suggested that the contents be confined to Jacques J. and myself, I felt it my duty to forward a copy to you and Dr. Neumann (I shall so advise Ben Aharon) because I know Ben Aharon to be a fine person, and an honest man, and his thinking therefore, of value to both of you.

From the desk of—
JOSEPH GREENLEAF

I should appreciate your
Comments and reaction to Ben
Oblorn's letter, at your con-
venience.

My best wishes to you and
your family for a Very Happy
New Year.

Sincerely,
Joe

see letter of
Ben Oblorn
==

9/7/47

[September 1947?]

C O P Y

Dr. Silver

RCA
RADIOGRAM

VXY 123 TELAVIV 159 29 1920

NLT MONTOR UPA 41 EAST 42nd STREET NEW YORK

RECEPTIONS MAYORS AND COUNCILS HERZLIA RAANANAH PETACH TIKVAH RAANANA ESPECIALLY
INTERESTING STANDPOINT AMERICAN ZIONISTS WHO FOUNDERS TWENTY FIVE YEARS AGO ADDING
CREDENTIALS AMERICAN JEWRY PALESTINE UPBUILDING. MY GREETING TO ALL ABOVE QUOTE PRIVATE
AGRICULTURE IMPORTANT CONTRIBUTION ERETZ ALONGSIDE COLLECTIVE AGRICULTURE. EVERY
JEW WHO CONVERTS SAND INTO PRODUCTIVE SOIL IS CHALUTZ STOP AM CERTAIN INDIGNATION
RE HANGINGS SHARED AMERICAN JEWS WHO CONDEMNING DISSIDENTS CONDEMN EVEN MORE
BRITISH PROVOCATIONS BY LOCKING JEWISH HOMELAND FACE JEWS STOP IF THIS IS WAR
NERVES ON YISHUV IT WILL NOT SUCCEED UNQUOTE VISITED KFAR BNAI ZION AMAZING PROGRESS
FEW MONTHS PRESENTATIONS LOCAL FLOWERS AND FOOD VEGETABLES HOUSES BUILDING UNDER
WAY MANPOWER SPECIAL AGRICULTURAL SKILL BEYOND EXPECTATIONS STOP SPIRIT ZIONIST
SELSACRIFICE: MEMBERS KFAR, THEMSELVES WITHOUT HOUSING, INVITED GROUP JUST FROM
CYPRUS FORMERLY BUCHENWALD DACHAU SHARE LIMITED LAND LIVING TENTS STOP CONGRATU
LATIONS DUE BNAI ZION AMERICA SPONSORING THIS KFAR STOP KARPAN SEE THIS TELEGRAM
STOP SHALL I CONTINUE SENDING MESSAGES

GOLDSTEIN

OSCAR GASS Consulting Economist

NO. 3 THOMAS CIRCLE, WASHINGTON 5, D. C.

National 8632

Confidential

October 7, 1947

Memorandum

Some Aspects of the Economic Union proposed by the
Majority Report of the UNSCOP

A. -- INTRODUCTORY

Scope of this Memorandum

This memorandum deals briefly and, of necessity, rather dogmatically with some of the economic problems raised by the Majority Report of the United Nations Special Committee on Palestine. The problems treated here will all require an authoritative expression of views by the Jewish Agency at a later stage in the present proceedings before the United Nations, if those proceedings are to have a successful outcome. Two further problems, which are in large part economic, are not treated in this memorandum: they are (a) the question of boundaries and (b) the organization and financing of immigration and settlement. Question (a) requires consideration in another framework. Question (b) will apparently come before the U.N. only in a limited degree; moreover, it has already been explored with the Treasurer of the Jewish Agency, and further work on it is now proceeding in Palestine, under his coordination.

The Nub of the Problem

The central objective of the Jewish Agency's economic work at the U.N. must be the securing of such an interpretation of the proposed Economic Union as will place in the hands of the Jewish State all the instruments necessary for the organizing and financing of immigration, settlement, and the related economic expansion. The nub of the problem lies in the arrangements with respect to the monetary system. All other economic questions before the Ad Hoc Palestine Committee of U.N. are secondary.

If the proper arrangements are made on the monetary system, the Jewish State will have real economic sovereignty: it will be able to control the general movement of banking credit in the Jewish State; it will be able to use the monetary system

as an auxiliary of its fiscal policy; it will be able to utilize constructively all the foreign exchange accruing to it from abroad by way of sales, loans, or gifts; it will be able to license its own imports and exports; it will be in a position to secure an independent membership in the International Monetary Fund and the International Bank, with all the attendant advantages; it will, in short, be able to proceed independently with large scale immigration and development. Alternatively -- and the second of these alternatives is equally compatible with the skeleton idea of an economic union -- none of these powers will be lodged with the Jewish State, and the Jewish State will be completely dependent on the Joint Economic Board in all the larger issues of finance and all the related public policies.

Issues of greater consequence to the economic development of Palestine in the next decade are at stake in this question than in any other. Even the widest realistically conceivable territorial improvements are probably of less importance. It will, therefore, be necessary for the Jewish Agency to be vigilant lest these questions be decided in an unconstructive manner, either by default -- or due to insufficiently active initiative on the Agency's part.

The Basic Texts

Fortunately, there is nothing in the basic recommendations of the Majority Report, on economic questions, to which fundamental exception need be taken. The general statements of the Report need only clarification and constructive interpretation.

The most basic declaration of economic policy in the Majority Report is contained in the following sentence (Chapter VI, Recommendations (II), Part I, Justification, point 10):

"In view of the limited area and resources of Palestine, it is essential that, to the extent feasible, and consistent with the creation of two independent States, the economic unity of the country should be preserved." (Underlining mine).

It is necessary only that proper emphasis be placed on the underlined qualifying phrases. Constructively interpreted, in terms of the development requirements of Jewish immigration and settlement, they permit all that can reasonably be desired.

The parliamentary situation has been preserved by the qualified acceptance of the idea of economic union contained in Dr. Silver's statement before the Ad Hoc Committee on Palestine. Dr. Silver stipulated:

"... the Jewish State must have in its own hands those instruments of financing and economic control that are necessary to carry out large-scale Jewish immigration and the related economic development. The Jewish State must have independent access to those world sources of capital and supplies that are indispensable for the accomplishment of these purposes."

All that is required in the next weeks is a careful and persuasive articulation of these basic stipulations suggested by the UNSCOP itself and further elaborated from the point of view of Jewish needs, in Dr. Silver's statement.

B. -- THE ECONOMIC UNION

Composition of the Joint Economic Board

The Joint Economic Board, proposed by the majority UNSCOP report, is to be composed of three representatives of the Arab State, three representatives of the Jewish State, and three foreign members appointed by the Economic and Social Council of the U.N. (in the first instance for a term of three years).

It is to be noted that the City of Jerusalem will be represented only by the three foreign members. No exception should be taken to this, since any resident of Jerusalem is allowed to opt for citizenship in either the Jewish or Arab State if he prefers. With respect to the composition of the Board, the only stipulation worth making, in clarification of the Majority Report, is that the Economic and Social Council shall designate three foreign members to serve as individuals and not as representatives of States. The foreign members will be free to serve dispassionately and vigorously only if they serve without representing any country.

Powers of the Joint Economic Board

The powers of the Board are "to organize and administer, either directly or by delegation" the following activities: (a)

a customs union, (b) a common currency, (c) operation of railways, interstate highways, postal, telephone and telegraphic services, and the Ports of Haifa and Jaffa, and (d) joint economic development, "especially in respect of irrigation, land reclamation and soil conservation".

In general, it may be said immediately that this list of functions is unexceptionable. It should, however, be understood clearly from the beginning that the Majority Report does not give the Joint Economic Board great powers to initiate and develop. Even with respect to tariff schedules for the new customs union, the Board cannot initiate proposals. Tariff schedules are to be drawn up "by a Tariff Commission consisting of representatives of each of the States in equal numbers". The Joint Economic Board can only arbitrate differences between the tariffs desired by the two States, -- and an arbitrator is limited in the range of new perspectives that he can bring into a matter.

With respect to development, the role of the Joint Board is still more severely limited. The Board can act only with the unanimous consent of both States and the City of Jerusalem. This means that, in the first years at least, the Jewish State will have to accomplish practically all development work alone and by its own initiative and own resources. This necessity for autonomous action, particularly in agricultural development, is not wholly to be regretted. The Jewish State will have, within its own frontiers, the minimum resources of land and water required to proceed with all necessary agricultural intensification for some years. When such intensification has been accomplished in the Jewish State, to the mutual benefit of its Arab and Jewish citizens, it is to be hoped that a constructive atmosphere will have been created for projects in which the Arab State may also be involved; such projects are fortunately not vital. If joint development projects were in fact absolutely essential to large-scale development in the next years, the Economic Union would have to be rejected because the political basis for such unanimously supported joint projects is lacking today.

It may be noted that the Majority Report instructs the Joint Board to interest itself in "the planning, investigation, and encouragement of joint development projects" especially in respect to "irrigation, land reclamation and soil conservation". These are in fact potentially joint projects, to a significant extent, only in so far as they are bound up with irrigation. Other land reclamation and soil conservation is an extremely local matter.

It is to be observed further that, with respect to ports, the Joint Board is to operate only Haifa and Jaffa. There could

therefore be a Jewish port in Tel Aviv and Arab ports in Acre and Gaza. It is to be hoped, however, that no harbor will be built in Tel Aviv except on purely economic grounds. The Jewish State should show itself entirely willing and even eager to utilize the joint economic institutions of the country so long as they are adequate for its growth.

Conclusion No. 1 No exception should be made to the composition of the Joint Economic Board or to the powers of the Economic Union, as established by the UNSCOP Majority Report. It should, however, be stipulated, in the further committee stage of the U.N. proceedings, that the foreign members of the Board should serve as individuals. It should not be anticipated that, in the first years at least, the Joint Board will be a major factor in development work.

C. -- THE SUBSIDIZATION PLAN

The Mechanism of Subsidization

The Majority Report provides for a very substantial indirect subsidy from the Jewish State to the Arab State, to insure the fiscal "viability" of the latter. The Joint Economic Board is to receive all the revenue from Customs and joint services (harbors, railways, posts, telephone, telegraph, etc.). From these revenues, the Joint Economic Board shall, first, provide for its own expenses and for the financial obligations of the Administration of Palestine. Secondly, the Joint Board shall allocate between 5 and 10 percent of its remaining (net) revenue to the City of Jerusalem. After the Jerusalem allocation, the remainder shall be divided evenly between the Arab and Jewish States.

The Jewish State would therefore receive between 45 and 47 1/2 percent of the net revenue from customs and joint services; the Arab State would receive an equal amount. If, as is argued below, the Jewish State would contribute about 80 percent of the net revenue, it would clearly be paying a large annual subsidy to the Arab State.

The Amount of the Subsidy

The UNSCOP report has argued, on the basis of the 1947-48 Budget of the Government of Palestine, that the net revenue of customs and other joint services in Palestine is now LP 11,996,000

or, in round figures, LP 12,000,000. We accept this round figure as the basis for the present analysis. It is to be understood however, of course, that this figure will vary over time depending on the volume of Palestine's imports, the rates of customs duty, the volume of postal, telephone and telegraph business, the rates charged for these services, etc.

If every resident of Palestine made an equal contribution to these net revenues, the contributions would be as follows; at the beginning:

Share of Palestinian States in Population

	<u>Population</u>	<u>% of Total Population</u>
Jewish State	1,006,000	52
Arab State	723,000	37
City of Jerusalem	206,000	11
Total	1,935,000	100

Source: UNSCOP, Report, Page 139

These percentages are based on official Government of Palestine population estimates for the end of 1946. They somewhat understate the actual Jewish population, but that is not a very important source of error.

What is of crucial importance is that the contribution to customs revenue and to revenue from public utilities is not a simple function of population. It is the people who send telegrams, mail letters, use the telephone, buy imports, etc. who contribute these revenues. Even if it were assumed -- against every reasonable probability -- that every kind of income contributes equally to these net revenues, the Jewish State's contribution would be at least 65 percent.

Minimum Share of Jewish State in Palestinian Income

	<u>Total Income (1944)</u>	<u>Share of residents in Jewish State 1/</u>
Jews	LP 73,400,000	60,335,000
Non-Jews	49,600,000	18,898,000
Total	LP 123,000,000	79,233,000

Source: P. J. Loftus, official study, 1944

1/ Based on share of population, without adjustment.

The above crude minimal calculation makes no allowance for the fact that the higher non-Jewish incomes are largely in Haifa, Jaffa, and the developed agriculture of the coastal plain. Yet it yields a Jewish State quotient of 64.4 percent on a simple income basis.

Several other factors have led us to make the rough estimate that approximately 80 percent of all payments of customs and joint services revenues would be made by the people of the Jewish State. The share of the Jewish State in total Palestine income (at least 65 percent) obviously forms a minimum point of departure. But that minimum is surely far lower than the real contribution. It is the urban (especially Jewish) population that is 50 percent dependent on foreign foods, a large purchaser of foreign manufactures, and which pays the corresponding customs, port and rail charges. It is the urbanized (Jewish and non-Jewish) population of the Jewish State's coastal plain that uses mail, telephone, telegraph, port and rail services. It is the manufactures of the coastal plain that contribute disproportionately to customs and all these service revenues. Citriculture, concentrated almost entirely in the coastal plain area of the Jewish State, also makes a disproportionate contribution -- especially to rail and port revenues. In view of these factors, the author finds it impossible, as a dispassionate student of the Palestinian economy, to accept any figure below 80 percent as the probable Jewish State initial contribution to net customs and joint services revenues. Of the remaining 20 percent also, surely approximately one-half would be contributed by the City of Jerusalem.

A contribution of 80 percent to net joint revenues in 1947-48 would mean a contribution of LP 9,600,000. As against this, the Jewish State would get back 45 percent of LP 12,000,000 if Jerusalem received 10 percent of the total and 47 1/2 percent if Jerusalem received only 5 percent. This would mean a return to the Jewish State of between LP 5,400,000 and LP 5,700,000.

The Jewish State's net subsidy payment would, therefore, be between LP 3,900,000 and LP 4,200,000 -- in the first year. In round terms we may speak of this as LP4 million or \$16 million.

It should be emphasized that the Jewish State is being asked by the UNSCOP Majority to give the Arab State a subsidy far more than twice as burdensome as the Marshall Plan would be to the United States if the United States were to give, as a free grant, everything the 16 European nations have requested. The LP 4 million subsidy is more than 5 percent of the LP 79.2 million National Income of the Jewish State (1944) as estimated above. The Marshall Plan, with an average requirement of \$4

billion per year during the next four years, amounts to only 2 percent of current U. S. National Income. Moreover even a burden of 2 percent would be more deeply felt in Palestine because the margin of income over basic necessities is far lower than in the United States.

Limitation of the Subsidy Burden

The Jewish Agency has accepted the subsidy implicit in the UNSCOP majority plan of Economic Union. It has been accepted in full appreciation of the burden involved. But the Agency must insist that the burden be clearly delimited:

- (a) Under no circumstances, may the subsidy exceed LP 4 million. It shall be a duty of the Joint Economic Board to assure this.
- (b) The LP 4 million subsidy must be geared to the present Palestinian price level. As the price level falls, the subsidy must fall. Since three-quarters of the subsidy is derived from customs, the controlling price index shall be the import price index.
- (c) The requirements of the subsidy shall not militate against the economic development of the country. Customs duties, rail and port charges, etc. shall not be maintained at a level burdensome to the competitive position of the country, or to any of its industries, merely to assure a larger revenue for subsidization.
- (d) It shall be open to the Joint Economic Board, as a last resort, by negotiation with the Jewish State, to work out other methods of paying part or all of the subsidy, when justified by economic considerations. For instance, the Jewish State might be willing to "purchase" a reduction in burdensome rail or port charges by making a direct grant out of its general revenues.
- (e) After each three years, the Joint Economic Board shall review the situation to see whether economic developments do not justify the complete discontinuance of the subsidy.

Conclusion No. 2

The subsidization aspect of the UNSCOP proposal of Economic Union should be conceded in principle, burdensome as it is. However the subsidy should be limited to an absolute maximum of LP 4 million, at the present Palestinian price level. Stipulations should be introduced into any final treaty of economic union tending to insure that subsidization will not be an obstacle to other sound economic policies, permitting flexibility in the actual method of paying the subsidy, and fixing a three-year interval for review of the subsidy with a view to its termination if economic circumstances permit.

D. -- THE CUSTOMS UNION

The plan of Economic Union merely provides that all Palestine shall continue to constitute a single customs area, then outlines a special method of formulating tariff schedules, and passes on.

The Traditional Palestinian Tariff Problem

Traditionally Palestine has had two customs or tariff problems, one small and one large. The small problem has involved some conflict on tariff protection between the Arab community and the Jewish community. The Arabs, having a small surplus of cereals over farm consumption and being (from a world point of view) inefficient and high-cost producers of these cereals, wanted some tariff protection. The Jewish community, being on an overwhelming deficit basis for cereals, wanted cheap foreign cereals and flour. The question was resolved by a moderate sliding-scale protection, which was not of crucial importance since the Arabs had little cereals to sell anyway. The Arabs did not need tariff protection for their other agricultural surpluses -- olives, fruits, vegetables, eggs, etc.

On the other side of the same relatively minor question, many influential groups in the Jewish community (being dominantly indiscriminately protectionist, where their own presumed interests were involved) wanted general tariff protection for Palestine manufactures. The British Administration -- partly out of a genuine concern for economic efficiency and consumer protection and partly for less worthy reasons -- was, in general, opposed to industrial protectionism and granted very few protective duties. It is questionable whether the Jewish community was in fact harmed by this failure to adopt indiscriminate protectionism.

Very much more serious long-term grievances were (a) the crude fiscal objectives of the Palestinian tariff and especially (b) the failure to assure reciprocity for Palestine's international trade. With respect to (a) the Palestine Administration -- in a simple-minded effort to "raise money" in the easiest way -- imposed duties in so indiscriminating a manner as to raise the costs of production (and therefore impair the competitive position) of Palestinian industry. With respect to (b), the Palestine Administration (in accordance with its own perverse interpretation of Article 18 of the Mandate) refused to use Palestine's strength as an importer to assure fair and equal treatment for Palestine's exports.

To these serious long-term grievances, there has been recently added the very bitter issue of the official boycott of "Zionist goods" by the neighboring Arab States and the failure of the Palestine Administration to undertake corrective action.

Transformation of the Traditional Tariff Problem

The new political order proposed by the Majority Report will alter all aspects of the tariff problem. There will no longer be any reason why Palestine should not assure herself most-favored-nation treatment through negotiating trade treaties, but the Jewish and Arab States both will have to negotiate such treaties together and both sign such treaties voluntarily, (unless the Joint Economic Board, as arbitrator, orders one of them to do so). The existing tariff schedules will be reviewed, and -- in principle -- there is no reason why any specially burdensome one should not be changed, but it must be understood that the Arab's State will, in general, oppose tariff reductions where they will result in a reduction in the amount of its subsidy.

The issue of protection for some branches of Arab agriculture will now largely be an issue within the Jewish State because the Arab cereal surplus, such as it is, will come largely from Jewish State territory. However, within the framework of a forward-looking policy of agricultural intensification gradually diminishing the importance of cereal production, there will surely be sympathetic consideration by the Jewish State of protection which will ease the transition for the Fellaheen.

The issue of protection for Jewish manufactures will also largely be an issue within the Jewish State since the population of the Arab State will not be large purchasers of such goods -- and the Arab State may well welcome tariff protection of manufactures, whereby the Jewish State will increase its subsidy payment. Under these circumstances, the Jewish State

may wisely turn to direct subsidization of manufactures in a limited number of cases rather than using the crude, indirect subsidy through tariff. 1/

None of these problems of the Customs Union need be as serious as they appear to be at first examination. A customs union will not be either the salvation or the damnation of the new Palestinian order. It will not be the salvation because trade relations between the Arab and Jewish States will not be of first order of importance; the Arab State's economy is not sufficiently market oriented at all, and the Jewish State Economy will both buy and sell far more importantly elsewhere than in the Arab State. It will not be the damnation because with a little good-will, the Jewish and Arab States can cooperate on these problems as easily as New York can cooperate with Nebraska, and -- if they remain obstinately uncooperative -- the Joint Economic Board will arbitrate. The experiment of a customs union is worth trying if only for the larger prospect it holds out, for the more distant future, of a wider Middle East customs union, which might be of great advantage to the whole area.

Conclusion No. 3 The project of a customs union should be accepted as an integral part of the Majority Plan. The customs union must not, however, be conceived passively. The U.N. should instruct the Joint Economic Board, in cooperation with the Jewish and Arab States (or either of them), to take immediate steps to secure fair and equal access of Palestine's exports to world markets. The Board should also be instructed to use its customs powers to foster the development in Palestine of all industries which can reasonably be expected to grow into successful, competitive branches of the Palestine economy. Both members of the Customs Union must naturally join the I.T.O. and should adhere to the liberal principles of multilateral trade now most actively championed by the United States.

1/ See Palestine: Problem and Promise, Page 577.

E. -- THE MONETARY SYSTEM

The Objectives of the Majority Report

The Majority Report prescribes a common currency for the all-Palestinian economic union. The objectives of this prescription are clear. The common currency is designed to facilitate, among the three political units of the new Palestinian system (a) the making of current payments of goods and services, and (b) the movement of capital.

These monetary objectives are entirely acceptable. They need only to be reconciled with other, more fundamental, more development-oriented requirements of the Palestinian monetary system.

The Requirements of Palestinian Monetary Policy

Palestinian monetary institutions, geared to development requirements (and particularly the monetary institutions of the Jewish State) should be designed with the following objectives*:

- (1) To provide a Central Bank as final regulator of the banking system and of the structure of interest rates;
- (2) To provide a Central Bank lender of last resort and a subsidiary system of lending institutions designed to do all that is possible to meet the credit and capital requirements of a rapidly expanding economy;
- (3) To provide a fiscal agent for Government and a mechanism whereby credit may be extended to Government to the extent consistent with other basic monetary objectives;
- (4) To concentrate the foreign exchange reserves of the country and to insure their use in accordance with development requirements;
- (5) To induce, to the extent feasible, a high level of domestic savings to meet development financing needs;
- (6) To facilitate the process of private capital inflow from abroad;

* For a fuller analysis, see the author's discussion in Palestine: Problem and Promise, Pages 298-316 and 601-607.

(7) To assist the process of public borrowing from abroad, inter alia by cooperation with the International Stabilization Fund and International Bank;

(8) To secure foreign exchange stability, in accordance with the international trade requirements of the country.

It must be clear, to anyone acquainted with the basic issues of fiscal and monetary policy, that no State can be regarded as sovereign which is not free to formulate and execute its own public policies on the eight groups of subjects indicated above. Without these powers, a State can have only a sham control over its own destiny. Since the UNSCOP has indicated that it proposes economic union "to the extent consistent with the formation of two independent States", it must be made clear to the U.N. that the Jewish (and Arab) State requires these powers to be really independent.

Moreover, it should be clearly understood by all that these powers go to the very heart of the problems of immigration, settlement and development. In the first years at least, the Jewish State cannot consent to be dependent on Arab goodwill for the accomplishment of these objectives. It cannot even consent to be dependent on the Joint Economic Board; that would be to repeat the Mandatory experience under another guise. These powers are absolutely vital if the Jewish State is not to be a bitter farce; no concessions can be made on these points.

Fortunately it is perfectly possible to reconcile the basic monetary requirements of Jewish development with the objectives established by the UNSCOP. A mechanism for accomplishing this reconciliation is outlined below. (This mechanism has been explored with other monetary experts; there will be no difficulty in securing very distinguished expert testimony to support it.)

(a) The Common Currency Under the authority of the Joint Economic Board, there shall be printed a common currency (and common coins) for all of Palestine. The common currency shall be inscribed on one side in accordance with a designation to be furnished by the Jewish State and on the other side in accordance

with a designation to be furnished by the Arab State. This currency shall be valid throughout Palestine, and shall be legal tender for payment of all debts -- so long as the condition indicated in point (1) below is complied with by both States.

(b) Series A and Series J This common currency shall be printed in two basic series, one bearing the initial letter J and the other A.

(c) Central Banks Each State shall designate a Central Bank to act on its behalf in all monetary matters. This may be either a new public bank or any private bank which may be entrusted with Central Bank functions in the sovereign discretion of each State.

(d) Private Banks By a certain date, every private bank operating in Palestine shall indicate which city, in the territory of the two States, it regards as its Palestine headquarters and principal place of business. The location of this principal place of business shall determine to which Central Bank each private bank shall be responsible. However, it shall be unlawful for either State to establish any discrimination against banks domiciled in the other State.

(e) Replacement of Outstanding Currency On a certain date, a period of three months shall be designated during which all persons holding the present currency of the Palestine Currency Board shall offer such currency for redemption, pound for pound, for the new currency. The Joint Economic Board shall advance the new currency to the two Central Banks for this operation. The Central Banks in turn shall advance it to the private banks under their jurisdiction. The Jewish Central Bank shall receive from the Joint Economic Board all currency that it may request of the J series and the Arab Central Bank shall receive all that it requests of the A series.

(f) Division of Existing Foreign Exchange Reserves As a result of this exchange of new currency for old, the two Central Banks will acquire practically all of the present outstanding P.C.B. currency (all except what may be lost or destroyed). The existing foreign exchange (sterling) holdings of the P.C.B. shall be turned over to the two Central Banks, pound for pound, in accordance with their submission of this old currency. (After a suitable interval any, relatively minor, unclaimed reserve still held by the P.C.B. -- as a result of losses and destruction of currency or resulting from the income on its foreign assets -- shall also be divided between the two banks in accordance with the ratio of their previously submitted holdings of the old currency.)

(g) Note issue Each State shall be completely free to determine its own standards of assets forming a suitable cover for note issue.

(h) J.E.B. and currency The Joint Economic Board shall have no policy functions with respect to note issue. Its duties shall be solely to print a common currency, to safeguard that currency against counterfeiting, and to issue A notes to the Arab Central Bank and J notes to the Jewish Central Bank as these authorities may request.

(i) Convertibility between J's and A's Each State shall bind itself, under all circumstances, to convert its own currency into that of the other State. This is the crucial provision of the currency union.

For instance, the Jewish Central Bank shall be obliged, at all times, to give A notes to anyone who comes to it and requests them in exchange for its own J notes. This means that the Jewish Central Bank will have to keep a reserve of A notes or of foreign exchange or gold with which it can buy A notes at any time. This requirement will check any tendency of the

Jewish Central Bank to overissue because such overissued notes will come into the hands of those who will wish to convert them into A notes and so drain the overissuing bank's foreign exchange reserves. The process of exchanging J's for A's will be a continuous one, as currency becomes worn and is returned to the Central Banks for replacement. The monetary policies of the two Central Banks will therefore be linked.

Only if one of the Central Banks disregards the obligation to maintain convertibility will the currency union be broken. The Joint Economic Board shall have power to warn the Central Banks against the adoption or pursuance of policies which threaten the maintenance of convertibility.

(j) Foreign Exchange Receipts So long as foreign exchange control is maintained, each State shall have sovereign control over the foreign exchange received by its residents whether deriving from sales of goods, receipts of gifts, imports of capital, or any other source. The joint customs and communications services shall cooperate in the administration of this control.

(k) Foreign Exchange Expenditures Each State shall have the sovereign right to issue import licenses and to provide for the required foreign exchange payment out of its own reserves. Import licenses may be issued not only to its own residents but also to others, and -- in accordance with the customs union -- such goods may move freely within Palestine. Each State shall also have the sovereign right to dispose of its own foreign exchange reserves for any other purpose.

Under the jurisdiction of the Joint Economic Board, suitable arrangements shall be made to provide foreign exchange for the City of Jerusalem and for the joint services administered by the Joint Board.

(1) International Status Each State shall apply for membership in the International Monetary Fund and the International Bank. Each shall be entitled to conduct any international financial operation on its own faith and credit.

Conclusion No. 4 It is perfectly possible to devise a monetary system which will meet both the economic union objectives established by the UNSCOP and the requirements of Palestinian development. No such system will, however, be established automatically. This issue requires the most careful, persuasive and firm action at the U.N. and thereafter. No concession can be made on any vital aspect of monetary and financial sovereignty because such concessions would mean the establishment of a Jewish State that would be incapable of accomplishing its resettlement and development objectives.



COPY

October 9, 1947

To: Mr. Arthur Lourie

From: N. Grossman

I am enclosing a copy of a letter received from the State Department in answer to our telegram with regard to the assignment of Mr. Wadsworth as Adviser to the U.S. Delegation at the UN.

DEPARTMENT OF STATE

WASHINGTON

October 8, 1947

Dear Mr. Lipsky:

I have received your telegram of September 27, 1947, with regard to the assignment by the Department of State of Mr. George Wadsworth as Adviser to the United States Delegation to the United Nations.

The Department considers that Mr. Wadsworth's distinguished record as a representative of the United States Government abroad and his long association with the countries of the Near East make his assignment appropriate.

Throughout his career in the Foreign Service, Mr. Wadsworth's work has always been guided by the policies of the Department, and in the capacity of an Adviser to the United States Delegation, he will, naturally continue to act in accordance with the basic policies of the United States and the directives of his superiors.

Sincerely yours,

J. O. Battenhwaite
Deputy Director, Office
of Near Eastern and
African Affairs

Mr. Louis Lipsky, Chairman
Executive Committee
American Jewish Conference
521 Fifth Avenue
New York City

[1947?]

Gurney

See 4

STRICTLY CONFIDENTIAL

At a secret meeting which took place early last week (October 6th or 7th) of the principal Government Departments in Jerusalem the Chief Secretary (Mr. Gurney) discussed plans for British evacuation in Palestine. After indicating that no new budget would be approved and that work would be henceforth carried on monthly on the basis of the old budget, he stated that all departments must prepare a liquidation plan to be carried out at one month's notice. The basic assumption of these plans would be that no authority would exist to take over with the exception of Municipal services which would be handed over to the respective local authorities. The plan would entail the total dismantling of plants and organizations. Whatever was removable and valuable would be stored. The rest would be abandoned or destroyed. Some of these present suggested that in addition to the Municipal services there were also international services which might be turned over to the population. To this the Secretary (Mr. Gurney) replied this was no concern of the Administration who were under no obligation to the population. The Postmaster General commented that certain obligations existed, for example, under the International Post Convention. To this Mr. Gurney replied that they were under no duty to cater to the needs of the population; that he should simply burn the stock of stamps and let things be. The Superintendent of Prisons inquired what was to be done as regards the prisons. To this Mr. Gurney stated that when the time came the gates of the prisons should be opened and its inmates allowed to depart. The Superintendent suggested that at least the position should be given some form of regularity by declaring a general amnesty. The Chief Secretary rejected the suggestion as unnecessary. He ended the meeting with a request to all the heads of departments to prepare plans on the liquidation of their

activities. He indicated that the archives of the Government should be divided into three parts; those to be taken to England; those to be burned; and those to be left in Jerusalem in the custody of the small garrison which would remain there on the assumption that Jerusalem would be kept under international control.

As to currency he said that such currency as was in the hands of the public would of course remain in their hands for circulation; such stock as was held by the Government should be burned.





JEWISH WAR VETERANS OF THE UNITED STATES

Past ARCHIE H. GREENBERG
NATIONAL COMMANDER
605 E. 42ND STREET
BROOKLYN 3, NEW YORK

NOVEMBER

9

19 47

Maj. Hershel Auerbach,
41 East 42nd Street,
New York, N. Y.

Dear Hershel:

Enclosed is a copy of the report regarding
the U. N. meeting of last Tuesday.

Harry Shapiro called me Friday morning and
said that Rabbi Silver would like to get
this copy in order to bring about a coordin-
ated plan of some kind. He has heard from
others who were there and would like to get
my viewpoints. I told Harry that I worked
with you and that I had already promised to
send you the report and that you would sub-
mit it to him upon receipt. Evidently
Rabbi Silver wants it at once and I know
you will get it to Harry.

Looking forward to seeing you Wednesday, and
with best wishes, I am

Sincerely,

Archie
Archie H. Greenberg

Confidential
Not for publication

NOVEMBER

6

19 47

Past

Mr. Julius Klein,
National Commander J.W.V.,
50 West 77th Street,
New York, N. Y.

Dear Julius:

Att. Mr. Schottland

On November 4th I attended an "Off the Record" meeting of the U.N. at the headquarters, 2 Park Avenue, N. Y. In passing may I inform you that I have attended the sessions both at Flushing and Lake Success, representing J.W.V.

In reporting the meeting today, as an introduction I want to inform you that the subject matter may wander and I am reporting it in the order it was discussed.

Mr. Chester Williams of the State Department, (he asked me to convey his regards to Charlie Schottland, his college classmate), introduced Gen. Hildring who started the discussion. He stated that there are three sub-committees assigned to the Palestine matter. Sub-committee #1 consists of the main group who favor the UNSCOP report. Their object is first, how to implement the Palestine recommendation and second, to create authority to do it within the scope of the U.N. Charter. Then of course they have many subdivisions in this committee such as Economic Unanimity, Boundaries, Tariffs, Customs. In Economic Unanimity the consideration is most important because the question arises whether there should be one or two banks in Palestine area, what money should be used in both areas and rules and laws must be set for both nations to respect each others currency.

Throughout the talks by both Gen. Hildring and Ambassador Johnson, they constantly emphasized that from the economic point of view and factual point of view there wont be any problems whatsoever, but unfortunately the political angle of the world and the emotional state of some nations must be taken into consideration because if two thirds of the votes are not obtained, then all the plans cannot be accepted by the U.N. The same applies to the Boundaries which committee #1 must take into consideration.

There are many aspects in this. Immigration basically is most objectionable to the Arabs and they refuse to consider it in any way. They have many sympathizers in this regard and compromises must be made. The customs collecting is a serious one. Jewish Agencies seriously object to an equal division. The UNSCOP Committee recommended a main customs union and after sufficient funds are deducted for the administration of ~~the territory~~ it should be equally divided between the Jews and the Arabs. The Jewish Agency states that in this way the Arabs would receive more than they require and that the Jews would lose what they are entitled to. Gen. Hildring stated, "All this would be easy to solve if the problem was handled through the ordinary rules of economics, but unfortunately politics is a factor and the Arabs are appealing to those nations who have withheld their feelings in the Palestine matter, by showing that the Jews are not interested in aiding financially the partitioned Arab country because they are refusing to give them half of the customs intake".

In passing I may state that since the Jews will create the industry and 80% of the export and imports will be due to their initiative, it is normal and natural that they refuse to permit to have the Arabs take their justified money, which means that their community taxes will be higher to offset income which will be lost by customs.

Again Gen. Hildring stated that the U.S. Committee was very much concerned with getting two-thirds of the UN delegation and being constantly aware of that, they must give way more than they care to. During this discussion it was also brought out by Gen. Hildring that the Jewish Agency wanted some plan to avoid a possible boycott of the Jewish goods by the Arab states. The committee, which is of course as I previously stated, friendly to the Jewish partition and people, thought it advisable to avoid this subject as it was never threatened and while it may be a possibility, it may arouse other nations who are seeking and excuse not to vote for partition. Furthermore, the General feels that since the Jews will control power and water, if a boycott is developed, the electric power and water can be withheld from Arab territory, and being the life blood of that land, they would suffer more than a possible boycott.

At this point Ambassador Hershel Johnson came in. It was 10:30 A.M. and he was informed of what was discussed and spoke on the matter of the boundaries.

I am omitting much of the details but he did say that 70,000 Bedouins float around the Negov Area and since there are no Jews there, some consideration must be given to this problem. He too emphasized the fact that compromises must be made. (Methinks that while most of Gen. Hildring's and Ambassador Johnson's talks were good, there was too much of a note of apology for their actions). At other meetings I remember the voices of Johnson and Austin were positive in their assertion but in this case they were somewhat compromising and not too firm in their convictions. Johnson also talked about Lebanon and West of Galilee. Then he made the statement, "Jews have the better land". He also made some very sympathetic statements such as "the Jews deserve and should get this country because of right and humanly proper". He said that the U.S. favors that the present Mandatory Power (Great Britain) implement the plan until their withdrawal, which the U. S. favors as July 1st, 1948. As the withdrawal is taking place a high type of diplomat from the U.N. of proven quality, should sit with a small U.N. Committee in an advisory capacity, but after July first, the respective states should care for themselves. He stated that the difference with Russia is very small and will be compromised without too much difficulty. *Ru* They believe that a committee of the U.N. should supervise for a period of time. The U. S. sees no reason why such committee should be there as they will have no powers whatever.

A question was asked about a constabulary as originally suggested. Mr. Johnson felt that the Jews can take care of themselves as has been demonstrated, but they may come back to this if certain situations arise. He stated that the great problem is not with the Jewish people who will be able to set up a government, but with the Arabs who may not be permitted or unable to form a government, and anarchy and chaos may break out resulting in serious consequences. The U.N. cannot permit the possibility of Trans Jordan to annex this area nor permit the people to request this annexation.

Past

He did not think that the Jews would be attacked militarily as the Arab states are too divided and haven't sufficient military force to try this. There may be sporadic outbreaks by individuals or small groups.

Refer to Page 5

I asked a few questions, the most pertinent of which was, "It is rumored in certain areas and sometime read in the newspapers that the State Department and the U.S. Delegation to the U.N. aren't doing the maximum to insure the partition of Palestine." Mr. Johnson stated in forceful terms that this was not a fact and that they were doing their utmost to succeed in this world problem. He did say however, that they will not "twist any arm" of any nation in order to have them vote with the U.S. Judge Proskauer was present and stated that he agreed that no "twisting of the arm" should be used by the U. S. (I am refraining from giving my personal feeling on that statement, either by Hershel Johnson or the head of the Jewish organization). The question immediately following this, which was the last one, was, "As the Arab states have received consideration from the U.S. on economic matters, and it is being used in the world politics, why cannot the Arabs states and the nations that are being aided by our country, be advised in strong terms of our feeling. Mr. Johnson again repeated the above.

At this time, in accordance with my notes, I can honestly say I too don't think that the maximum effort is being made as has been in "other" instances that the U. S. wanted to succeed in.

My notes ended with the following - Hershel Johnson spoke very sincerely and earnestly. It appeared outwardly that he feels that the solution of Palestine will be solved at this session with sort of a reverential hope that it would be. His presentation was excellent.

Also enclosed is the report of May 9th. Unfortunately I have no copy and would appreciate having it returned for my files.

With kindest personal regards and best wishes, I am

Sincerely,

Archie H. Greenberg

Past

- 5 -

As Ambassador Johnson and General Hildring emphasized and re-emphasized the need of obtaining two-thirds of those voting at the U. N., I asked the Ambassador the following question. "In view of your concern of obtaining a two-third vote, and in your presentation one deducts a possible failure, no doubt the U. S. government must have an alternative if no matter how remote the thoughts may be, ^{if} the required two-third vote is not obtained." After a moments hesitation, Hershel Johnson said, with a certain amount of ~~certain~~ *certainty* *ance* "No the U. S. government has no alternative plan to present in case two-thirds of the states are not obtained", and after another slight hesitation said slowly, "Oh, I am pretty certain that we will obtain the required voting strength".

OSCAR GASS Consulting Economist

NO. 3 THOMAS CIRCLE, WASHINGTON 5, D. C.

National 8632

New York

December 6, 1947

Dear Mr. Silver:

Please excuse my writing you this note in my own hand. It is well after business hours, and I have never mastered the mystery of the typewriter.

Yezval brought a good deal more budgetary information from Kaplan. From this it is quite clear that the public (Jewish Agency or other) share of the expenses in connection with the immigration and settlement of the first 150,000 will be at least \$300 million. It will be possible to keep the public share as low as \$300 million only if about \$100 million of private investment capital can be mobilized at the same time.

As you are fully aware, we have to look beyond the 150,000 program. There are 200,000 Jews in the camps alone — not counting the even more miserable people in some parts of Rumania and Hungary, Poland, etc. They may very well get an expulsive drive from the Arab countries immediately after a settlement. If a Jewish State is established on July 1, 1948, the people in the camps will not want to wait for an even flow of 6,250 per month. We have to count with a possibility of 400,000 immigrants — or even more — in the next four years. Four years is a convenient

interval too because the Marshall Plan is conceived in terms of the four years, 1948-1951.

In asking for a public grant of \$250 million for our work in Palestine during the next four years, we would be asking for funds only for our distinctively welfare and transitional care expenditure. Such funds would cover transportation, Youth Aliyah, medical care, retraining, transitional maintenance in Palestine, initial outfitting, care of chronic welfare cases, etc. It would not cover productive investment and development except to a most minor extent if at all.

I fully concur in the opinion that it may be a little early to make requests for loans and grants formally or informally from the Administration in Washington just now, though the situation may change very rapidly. But prominent Congressional and Senatorial leaders are in a rather different position: they can hardly use the request for a grant as a lever to extort territorial or other concessions in the U. N. settlement. It seems to me, therefore, that it is not too early for exploratory talks with a few outstanding non-Administration figures on these matters.

It was my thought that you might be able to find an occasion to explore the ideas both of a \$250 million grant and of a \$500 million development loan authorization, in a purely preliminary—but completely frank—manner with Senator Taft. Taft is perhaps the most important figure involved. I am enclosing another copy of the memo. circulated last week in case it may be of use.

Yours sincerely,
Jacob Viner

From the desk of—
JOS. GREENLEAF

3/18/18

Mr. Silver,

I'm enclosing excerpts
from a letter just received
from Ben Aaron

Regards
Joe

3/5/48

My Dear-Jee:

Well, it is war, to be sure. Nevertheless we are at present only in the preliminary stages on all three or four fronts. Here they are:

Arab front: Concentration of the infiltrating forces. Up till now about five thousand of them including Palestinian trained in Syria as well as international Facist adventurers (Germans, Croats, Bosniak, British, Poles, etc.) That force is to be brought up to 8-10 thousand for concentrated mass attacks to cut the Jewish area in bits and push to the sea before the general assault on the main Jewish sector including Tel-Aviv. Up till then (the date probably May 15th) isolated attacks to weaken and exhaust Jewish supplies, blockade communications and harbors etc.

British front: To cover Arab concentrations and preparations, to protect them in the early stages of their taking up positions, to paralyze Jewish preparations, to push forward bit by bit the Arab jumping of positions, to supply the Arabs, to give cover to their own partisan Faran gangs; to hit us economically etc., in short to soften up the Yishuv politically, economically and militarily in preparation for the Arab major offensive.

The Jewish front: There is not much I can tell you here without endangering ourselves. We are well aware of the plans of our enemies and doing much to meet them half ways. We are lacking in essential equipment - terribly short!!!! Nevertheless we too are stronger today than we were four months ago. Our human element is beyond praise. It is our biggest and in the end will be the decisive element in the struggle. We shall no doubt suffer many (and you should prepare your people for it!) defeats and much material damage. We cannot be strong and victorious everywhere and at all times if we want to be strong and victorious in the end struggle. Remember this and make it a basis for the inside propaganda. I spoke of four fronts and have mentioned so far only three. Well, the fourth front!

The Dissident front inside the Yishuv: This is the greatest danger of all. They are irresponsible and facist in spirit and methods. We cannot afford privileges to them when all our youth and men and women are being mobilized individually without discrimination. Those dissidents are in the meantime exempting themselves from active field service and are a camouflage for many deserters. The problem is very bitter and if refuse to dissolve now and join the organized military forces of the Yishuv there remains no doubt that they will prepare for an armed "putsh" against the organized Yeshiv and labor. They are stabbing us in the back, endangering our whole military plans, positions and actions by wild nonsensical and untimely small scale actions. We may have to use brute force to suppress their actions inside as well as outside the Yishuv. Talks and persuasions have so far been without effect.

Now we are on the eve of setting up the first provisional Council of Government for the State. It is a shot in the dark because all depends on whether the U. N. Commission will recognize that council and whether the U. S. A. and Russia will back it up. With reference to the proposed composition all is still very much in the air because all depends on the distribution of portfolios. If Mapai intends to keep in their hands the premiership, defense, foreign affairs and interior - there remains nothing of a decisive influence for the other partner. In such a case we will at any rate prefer to remain outside as clear cut opposition. The next few days will decide the issue.

WRHS



Dr. Silver:

Davidka has already been in touch with Dr. Goldstein and with Mr. Elgart with regard to the matter contained in the attached letter. So the entire matter is disposed of.

Nina Franklin

Office of the Rabbi
270 WEST 89TH STREET

Phone: SCHUYLER 4-¹⁴⁰⁰₄₄₃₃

Temple
257 WEST 88TH STREET



CONGREGATION B'NAI JESHURUN
NEW YORK 24, N. Y.

FOUNDED 1825

April 22, 1948

Dr. Abba Hillel Silver
Jewish Agency for Palestine
16E. 66th Street
New York City

Dear Dr. Silver:

A Mr. Ernest Elgart, who is vouched for by reliable people of my Congregation and who is a ship broker, tells me that he has been approached by a group of other brokers who would like to buy some ships from him, which they in turn would sell to a Jewish group at a substantial profit. I have the impression that the group to whom he is referring is the Ben Hecht group.

Mr. Elgart tells me that a considerable profit is made in the turn-over and in the repairing job. He is deeply interested in being of help to us and he turned down these other people, since he would rather deal directly with us, if we need ships, and in that case, save us considerable sums. He has two ships in Italy.

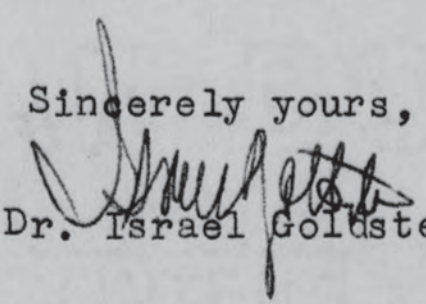
I told Mr. Elgart that I would get in touch with the proper people and have them contact him if they need the ships.

I am therefore turning this matter over to you so that you in turn may call it to the attention of whoever is in charge of these matters and have him contact Mr. Elgart who expects to be called. His company is

Lake Associates
35 N. Williams St.
Di 4-3156

His home telephone is Mu 6-4606.

Sincerely yours,


Dr. Israel Goldstein

Dr. Sever

May 7, 1948

Dr. Joseph Thon
178 West 87 St.
N.Y.C., N.Y.

Dear Dr. Thon:

I have just finished reading your report on your mission to Europe. Please accept my compliments upon its lucidity and conciseness, as well as upon the great amount of work which it reflects.

May I give you some of my recommendations and observations.

1) It is natural for anyone who goes on a mission to believe that he has succeeded in solving many problems. Some problems indeed do get solved. I have found, however, from my own experience with matters of this kind, especially in Europe and Palestine, that the solutions do not stay put and that the principle of *Mechadesh V'chol Yom Toove* needs to be exercised at least periodically, if not daily. It is my guess that if you would visit the problem areas next fall you would find that some of the original problems have come to life again. This observation only validates your own recommendation that there has to be a continuity of contact and supervision.

2) I share to some extent the view that the office in Paris has been neglected. It has been neglected particularly because the General Secretary has considered himself more a general than a secretary, and particularly because there seems to be among Zionists outside of the U.S.A. an inherent indisposition to inefficiency. The failure of the Paris Office to remit an adequate proportion of money to other countries is no doubt explained, though not excused, by their own stringent needs which are not being adequately met by the sums they receive from us. I believe that the proposal to close down the Paris Office is extreme and unwarranted. If an office does not function well the thing to do is to try to improve it, not to abolish it. It would seem proper, however, that we from here should exercise a closer supervision over its affairs, and also that we should remit our relief funds to the countries directly, instead of through the Paris Office.

The proposal to establish a daily paper in Yiddish and a weekly paper in French is OK, but I am afraid it will use up too much money. Next to horse-racing, Yiddish and French newspapers in European countries are the largest consumers of "funds perdues".

3) The proposal to establish a European Department in the Z.O.A. would create a problem vis-a-vis the Confederation Office here. It would create resentment in the European countries among many of the people there, it would be exploited in a manner adverse to the interests of the Z.O.A., it might lead the English Zionists to compete by establishing an English Bureau for European Affairs and the Canadian for establishing a Canadian Bureau, etc. The net result would be the fragmentation of the Confederation. It should be evident upon analysis that the Confederation has actually been a source of strength to the Z.O.A. thus far, and there is no reason to do anything which might weaken it.

I heartily endorse the suggestion to have more frequent and more regular contact between European Zionists and representative Zionists coming from America. Undoubtedly the American representatives will be in almost all cases Z.O.A. leaders, but it will strengthen their credentials and their prestige if they come on behalf of the Confederation.

The relations between Haoved-Hanoar-Hazioni and the General Zionist organizations in Europe need to be thought through and regularized. For that purpose I am calling a small meeting in a few days.

The suggestion to have more General Zionists included among the schlichim has been discussed by us on many occasions. Some small improvement has been made but it has been very slight and more needs to be done. I am calling it to the attention of Kolodny, Greenbaum, Bernstein and Zvi Herman, who are now on the Palestine Executive.

Sincerely yours,

Dr. Israel Goldstein

IG:sh

LAW OFFICES
GINSBURG AND LEVENTHAL
1147 CONNECTICUT AVENUE, NORTHWEST
WASHINGTON 6, D. C.

DAVID GINSBURG
HAROLD LEVENTHAL

May 11, 1948

MEMORANDUM TO DR. SILVER

From: David Ginsburg *D.G.*

Subject: Current Program and Recognition.

1. Bart Crum made these points after his conversations in Washington on Monday, May 10:

a. In general he struck a note of cautious optimism.

b. The essential thrust of his recommendations here had to do with recognition. There was wide awareness that recognition on the part of Russia and her satellites might follow quickly on the establishment of a State. That it would be advisable for the United States to be the first to recognize the new State was conceded.

c. Assurances were received that what Crum called the "arm twisting" -- threats of reprisals -- would cease. It was clear that a misunderstanding had existed as to the meaning of the phrase "truce." In the White House truce meant "cease fire"; in the State Department "truce" meant considerably more.

d. In the White House great stress was placed on the fact that personal attention could not be given to all aspects of the Palestine problem; that current developments were not followed and could not be followed in detail; that there were other equally and even more important problems to be dealt with.

e. Crum further stated that assurances had been received that the Zionist organization would not be required to register under the Foreign Agents Registration Act.

2. In Washington, with our limited information regarding daily developments, we favor a two point program particularly for the next few days.

a. A holding maneuver at Lake Success. No action can be taken this week which would be of benign character. Any action would almost surely be injurious. Although the basic program should be the preservation of the integrity of the 29 November 1947 resolution, any supplementary resolution at this critical time would be bound to confuse the legal position.

b. Recognition of the new State by the United States. This, it is agreed on all sides, is the vital objective. Its importance is underlined by the probability that the new State will be speedily recognized by Russia and her satellites.

i. From the viewpoint of the United States sound policy clearly dictates that it should by diplomatic balm seek to heal the grievances which have developed during the past few months. A sound middle eastern policy would include not merely recognition of and assistance to the new State but the establishment of the closest possible ties of all kinds.

ii. From the viewpoint of the President, he could welcome the inevitable by a magnanimous gesture which to a considerable degree would heal the wounds of the last few weeks.

iii. From the viewpoint of the Jews in Palestine and in the United States, in the light of the world situation, it would be tragic if the history of the new nation were required to record on its first page that the birth of freedom in Palestine was first welcomed by the Soviet Union. This would strengthen the position of the small extremist group in Palestine, and give them a rallying point and a propaganda slogan.

WRHS



PARCHMENTS

100% RAG U.S.A.

1147 CONNECTICUT AVENUE, NORTHWEST
WASHINGTON 6, D. C.

May 27, 1948

Dear Dr. Silver:

The enclosed letter by a member of Parliament published in the London Times of May 22 may be of interest to you. It contains details regarding British activity that I haven't seen published elsewhere.

Sincerely yours,

David G.

David Ginsburg

Enclosure

Rabbi Abba Hillel Silver
The Temple
East 105th Street at Ansel Road
Cleveland, Ohio

BRITAIN AND ZIONISM

JEWISH WAR RECORD

SUPPORT OF ARAB FORCES

TO THE EDITOR OF THE TIMES

Sir,—Major-General Sir Edward Spears, in stating that Zionism has endangered British bases in the Mediterranean and represents a threat to British strategic interests, surely conveniently forgets not only that many of the present Arab political and military leaders, including Fawzi El Kawukji and the Mufti, either spent the war in Germany working for Hitler or had to be interned by us, but forgets also what happened in the Middle East between 1939 and 1945.

In 1944 Brigadier Glubb (now leading the Arab Legion in its assault against Jerusalem, and no pro-Zionist surely), writing when the Arab war effort was still close enough to defy even Foreign Office attempts to romanticize it, said:—

At the time of these operations every Arab was perfectly convinced that Britain was finished for ever and that it could only be a question of weeks before Germany took over Arabia. The Iraqis were perfectly sure of this or they would not have declared war on us . . . in brief, during the six weeks before the fall of Baghdad every Arab was convinced that we were done for. Every Arab force previously organized by us mutinied and refused to fight for us or faded away in deserts. (Pages 214-215 of Somerset de Chair's "The Golden Carpet.")

No doubt when Glubb wrote this he would remember (what General Spears has forgotten) that, although the Jewish population in Palestine was only half that of the Arab, more than twice the number of Jews volunteered for service to protect our Mediterranean position: and that at the time when the Iraqis declared war against us, and British tanks had to be driven into the Abdin Palace yard to compel King Farouk's consent to the appointment of a pro-British Government under Nahas Pasha, Hagana men were being dropped as British agents in enemy territory, that Hagana was recognized by G.H.Q. as the one reliable local defence force and Palestine the one base whose loyalty was never in doubt for a moment.

And what now? No doubt if British officers and British-supplied tanks and aeroplanes continue the destruction of Jewish settlements and life we shall earn the bitter hatred of the Jews of Palestine. Is that however surprising—a symptom of Zionist original sin? It is a policy choice for the British Government which will determine whether Israel becomes once more an ally, as in the war, or an enemy beleaguered by British arms and equipment who must look elsewhere for aid for sheer survival. And may I say that our attitude—that Israel must show itself capable of functioning before being recognized by us—would sound more honest if it were not troops trained and equipped by British military missions, and the British officered and subsidized Arab Legion, which were at war with Israel to prevent precisely that functioning?

Does public opinion at home appreciate (as it does abroad) that every tank and aeroplane now being used by the Arabs has been supplied from the United Kingdom; that the British air mission is still functioning in Iraq; that British missions are now working, training, and re-equipping Arab armies in Saudi Arabia and Iraq; that between 1945 and 1947 we supplied Egypt alone with 40 military aircraft, 38 scout cars, and 298 carriers, apart from a great quantity of small arms and light equipment; that the Arab Legion now waging war is wholly subsidized by us with £2,000,000 a year and is commanded by 38 British officers; that Transjordan under the March, 1948, treaty is bound to "undertake not to adopt in regard to foreign countries an attitude which is inconsistent with the alliance or might create difficulties for the other party thereto"; that no word of protest has come from the British Government at the Arab invasions, but that the Jews within the boundaries given them by the United Nations partition decision (which still stands) are denied arms by the British?

Finally, the Foreign Office viewpoint conveyed by your Diplomatic Correspondent on May 20 that "it should not be assumed that Transjordan is acting as an aggressor until it can be shown that she has acted aggressively towards another State" (obviously meaning a State recognized by us) smacks a little too much of the legalistic chicanery of the thirties which reduced Japan's war on Manchuria to the status of an "incident" and in so doing destroyed the League of Nations. Will we never learn that we cannot subsidize aggression in the Middle East and oppose it in Greece or Persia—that to climb now into the grandstand and attempt to wash our hands of responsibility for the slaughter perpetrated by our Spitfires and British trained and officered Arab troops is conduct utterly unworthy of the traditions of a great nation and indicates a moral degeneration within the political leadership of this country far more alarming than any signs of a merely materialistic or economic decline?

I am, Sir, yours, &c.,

LYAUL WILKES.

House of Commons, May 20.

Dr. Silver

May 28, 1948

Dear Dr. Grunbaum:

We were terribly sorry to hear of your tragic loss. I trust you have received our cabled condolence. Knowing your staunch spirit as we do, we are certain that you are going on with your work not only ~~undeterred~~ and undaunted but with greater zeal and determination than ever, though it is difficult to imagine how any man can be more zealous than you have been in all these years.

I have deliberately refrained from writing you because I felt that during these initial difficult months of the State of Israel, you ought to be spared as much as possible so as to be able to concentrate on your primary responsibilities in the Provisional Government. I trust, however, that it will not be imposing too much upon you if I write you occasionally as items accumulate in which we would like to have your advice and opinion. Here are a few such items.

1) The officialdom of the State of Israel is being created from day to day. As far as I can see the dominant party in the Yishuv is using its power to fill all-important posts in Israel and in the diplomatic service in the outside world primarily with its own party people. There is nothing unusual in this kind of procedure. It is done by the dominant parties in all countries. Nevertheless, the Government of Israel is a coalition government. I wonder whether the General Zionists in the coalition government are exercising themselves to see to it that the General Zionists are not neglected in these appointments. I must tell you frankly that I feel hesitant in even writing about this because the creation of the State of Israel obviously creates a situation different from the one which existed before, a situation which makes us General Zionists in the diaspora feel that we must leave the affairs of Israel to be determined by the citizens of Israel. Nevertheless, since the new status is so new it is natural that these initial months should find us partly in the old status and partly in the new. I would appreciate your real reaction to this point.

2) With reference to our Constructive Fund, Mr. Taiber, who is here, has been propounding to me his idea that our Constructive Fund, instead of concentrating on exclusively General Zionist projects which are of necessity limited in size and scope, ought to use its resources for participation in larger projects and thus widen the scope of its influence. We would be interested to have the opinion of yourself and your colleagues of the Hanhalah of the Constructive Fund.

Sincerely yours,

Dr. Israel Goldstein

1147 CONNECTICUT AVENUE, NORTHWEST
WASHINGTON 6, D. C.

7 June 1948

Dear Dr. Silver,

Here is the full
text which the Times
found it inexpedient to
print.

Sincerely,

Dane Ginsburg

June 5, 1948

Sir:

The drastic action last week of the British Government in suddenly barring the emigration of most of the 24,000 Jewish detainees in Cyprus, where the British Government had kept them in camps behind wire for many months, deserves more notice than it has so far received in the press.

These Jewish detainees originally came from the displaced persons camps in Germany, Austria and Italy, were intercepted by British ships at sea on their way to Palestine, and taken to new concentration camps in Cyprus, upon the ground that they had not been provided with certificates of entry into Palestine and were therefore, in the British view, "illegal immigrants." So long as the Palestine mandate was theoretically in force and the British Government was charged with the duty of administering Palestine under the mandate, it could possibly find some color of right for its action in barring these uncertified immigrants from Palestine. Once, however, the mandate and the British administration of Palestine under the mandate were formally declared to be at an end, as they were on May 15, 1948, there could be no possible justification for the British Government to bar Jewish immigration into Palestine thereafter, or to keep the Jews in the Cyprus camps from completing their journey to Palestine as best they could.

This, indeed, was the position which the British Government itself officially took upon the termination of the mandate. It then announced that the Jews detained in the Cyprus camps could freely proceed to Palestine; and several shiploads of such Jews actually did thereupon proceed to Palestine. Last week, however, the British Government suddenly changed its position and announced that it would forcibly keep these Jews in Cyprus and prevent them from going to Palestine. Moreover, it announced that it had taken military measures against the expected demonstrations and remonstrances of these imprisoned Jews. The reason assigned by the British for this extraordinary and inhuman policy was that they interpreted the cease-fire resolution adopted by the Security Council of the United Nations on May 29, 1948 as barring the entry into Palestine of Jews of military age during the four weeks period of the proposed truce; and that the Jews of Cyprus, or many of them, fell within that category.

We have carefully studied the cease-fire resolution, as well as the record of the proceedings at which that resolution was adopted, and can state without any hesitation that the new British interpretation of that resolution is contrary to its express provisions and to the clearly expressed understanding of the members of the Security Council, including Sir Alexander Cadogan, the British representative, at the time that the resolution was adopted. It is clear that this resolution does not and cannot possibly afford any possible basis of justification for the arbitrary act of the British Government in keeping the detained Jews in Cyprus imprisoned in their concentration camps during the period of the proposed truce. The history of the resolution in question is as follows:

It was originally proposed by the British representative on the Council in this form:

"The Security Council....calls upon both parties to undertake that they will not introduce fighting personnel or men of military age into Palestine during the cease-fire."

This wording was immediately objected to by the representative of Israel before the Council, for cogent reasons, which he then stated. Thereupon several amendments were moved to the wording of the British proposal, and these amendments were accepted by Sir Alexander Cadogan. The most significant of these amendments was one moved by M. Parodi, the representative of France, in these words:

"Calls upon all governments and authorities concerned, should immigrants of military age be introduced into countries or territories under their control, to undertake not to mobilize or submit them to military training, and in order to ensure the fulfilment of these obligations, to intern them during that period (the period of the truce) in camps placed under the control of the Mediator who will have the authority to make any exceptions which he will deem appropriate."

In moving this amendment, M. Parodi said:

"The purpose of this amendment is to prevent the introduction into these various territories of fighting personnel, but not of men of military age....It aims at preventing combatants, fighting personnel, from entering these various territories, but to allow men of military age to come into these territories on the condition, however, that at least during the truce they are not mobilized, and that they do not receive any military training. That is the aim of the amendment which I wish to present in the name of my own delegation."

Sir Alexander Cadogan was present in his seat at the Council table when M. Parodi made this explanation of the purpose and meaning of this amendment. After some discussion, Senator Austin in his turn made it clear that:

"Either by accepting the suggestion of the representative of France or in some other way, I am going to delete the words 'or men of military age' from the text of the British resolution."

Thereafter, when the French amendment had been reduced to writing and circulated among the members of the Security Council, Senator Austin stated that he would accept it on condition that it was limited to the following language:

"Calls upon all governments and authorities concerned, should men of military age be introduced into countries or territories under their control, to undertake not to mobilize or submit them to military training."

The French representative in his turn accepted this limitation of his amendment, and Sir Alexander Cadogan, speaking for the United Kingdom, then said:

"If that is acceptable to the President (M. Parodi) and to the United States representative, I accept it."

The amendment was thereupon put to a vote. But before the vote was taken, Mr. Lopez, the representative of Colombia, asked the following question:

"Does this mean that they can introduce men of military age and, provided they do not mobilize them or submit them to military training, they can have them ready for utilization after the period of four weeks?"

This question was answered by the President (M. Parodi) in these words:

"If, after four weeks, the hostilities do not begin again, then it is quite obvious that these people will continue with their civil activities. On the other hand, if hostilities begin again, they will not be able to be used as combatants immediately because they will first have to have some military training."

After this clear enunciation and definition of what the amendment meant, the amendment was adopted by the Security Council by a vote of seven members in favor, none against, and four abstaining. Among the members who voted in favor of this amendment, as thus clearly interpreted, was the United Kingdom. Those who abstained from voting were Colombia, Syria, the Ukraine and the Soviet Union.

In view of this record, it is simply impossible to suggest that the British representative on the Council did not understand what this part of the truce resolution meant. It is obvious beyond any peradventure of a doubt, that it meant that the Jews should be free to introduce men of military age, which were stated by the President to include men between the ages of 20 and 40, into Palestine during the period of the truce, provided that they would not be mobilized into the armed forces of Israel or given any military training during that period.

Yet, in the teeth of this resolution, with the clear explanation of exactly what it meant before it was voted, Sir Alexander Cadogan, who heard this explanation, and then voted for the resolution, asserted in the Security Council at a later session that the meaning of the resolution upon the subject of the immigration into Palestine of men of military age was open to doubt; and his Government, a day or two later, blandly announced that it interpreted the resolution as barring the admission of any Jews of military age into Palestine during the period of the truce and would accordingly prevent the Jews interned in Cyprus from proceeding to Palestine during that period.

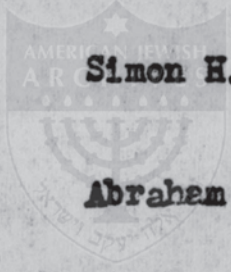

The significant fact clearly emerging is that once again Britain rushes to take unilateral action in opposition to the Jews. It does not even hesitate long enough to attempt to secure official acceptance of its utterly untenable position. It defies the resolution of the Security Council and proceeds as if its own rejected proposal had been adopted.

Cynics are bound to say that Britain was prepared to let the Jews in Cyprus try the run to Palestine as long as Egyptian ships and planes, armed by the British, were free to slaughter them en route; but that once the truce made such action impossible, it must again intervene directly to prevent their entry into Palestine.

Moreover, by what law of God or man does Britain now keep these victims of Hitler's ferocity imprisoned in Cyprus? Were there some international court which could issue a writ of habeas corpus, what possible explanation could the United Kingdom offer for its cruel and unlawful action?

No one who has any regard for the human liberties sacred to English and American law can fail to stand aghast at this flagrant suppression of liberty.

Yours truly,

Simon H. Rifkind

Abraham Tulin

Milton Handler

Murray I. Gurfein

The Editor
The New York Times
New York, N.Y.

COPY

TRANSLATION FROM HEBREW

Cable from Paris received 5/8/48

DR. GOLDSTEIN ZIONISTS NEWYORK

APPOINTMENTS OF OFFICERS BY ISRAEL GOVERNMENT ARE
DOMINATED BY PARTISAN SPIRIT. BREAKING GENERAL ZIONIST
MOVEMENT IN EUROPE. IMMEDIATE INTERVENTION IS REQUIRED

SE3AL

MEMORANDUM

6/11/48

Dr Silver

TO: General Zionist Members of the Jewish Agency Executive

FROM: Dr. Israel Goldstein

We have received complaints from several General Zionist quarters of which the enclosed message from Mr. Segal of Paris is a sample. At the same time, the office of the Confederation in Tel Aviv cabled us as follows:

"Among the government appointees there are so far almost no General Zionists. We are pressing. Your intervention required."

It seems to me that the only form of intervention which may have some effect is that which would come from the General Zionist members of the Executive. I am, therefore, calling this matter to your attention. Those of our colleagues who are in Israel would have an additional advantage of being on the spot and in contact with the sources of authority where the appointments are being made. It is not difficult to understand how much it irks General Zionists to be made to feel that they are expected to carry the major part of the burdens for economic support of Israel and the political support which is still necessary in many parts of the world and at the same time have the Labor Zionist Party in Israel pay a minimum amount of attention to the General Zionists when it comes to appointments.

We are obliged to look to our General Zionist colleagues on the Agency Executive and in the Provisional Government to try to correct this injustice, but would appreciate whatever you can do to help.

IG:zh

oil